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TAGS: [PREL](#) [ECON](#) [ETRD](#) [KWBG](#) [IS](#)

SUBJECT: PRIME MINISTER'S ADVISOR STRESSES IMPORTANCE OF
WCO TO PALESTINIAN STATEBUILDING EFFORTS

Classified By: CG Daniel Rubinstein, Reasons 1.4 (b) and (d)

¶1. (C) Summary: Hatem Yousef, former Palestinian Authority (PA) Director General of Customs and VAT and newly-appointed advisor on customs to Prime Minister Fayyad, stressed the importance of World Customs Organization (WCO) observership to Fayyad's institution-building efforts. He urged USG support for PA observer status at the June 2010 WCO Council Session, claiming that other countries, including Israel, had already indicated their support. He emphasized that WCO membership is part of Fayyad's two-year statebuilding plan and would support institutional reform efforts. End Summary.

The WCO as a Tool for Institution Building

¶2. (C) Hatem Yousef, Prime Minister Fayyad's newly-appointed advisor on Customs, told EconOff on December 14 that the PA's decision to seek observer status at the WCO is not a "political" move. Rather, it would permit the PA to participate in discussions and exchange information on anti-money laundering, anti-smuggling, and capacity-building, he said. He pointed out that membership in the WCO was included in Fayyad's two-year plan to statehood. Yousef added that WCO observership was not reserved for states -- universities, private companies, and Hong Kong/Macau all had obtained observership. Unlike the WTO, WCO observership did not mandate accession within a certain time period, he said.

¶3. (C) Yousef said he expected the WCO commissioner to bring up observership for the Palestinian Territories at the June 2010 Council Session, and urged USG support for the PA's candidacy. He claimed that Israeli DG of Customs Doron Arbely had already expressed his support for the PA's bid for observer status. EconOff stressed the importance of consultation and coordination with the United States and Israel before the June 2010 meeting. EconChief delivered the same message to a senior advisor to Minister of National Economy Hasan Abu-Libdeh on December 10.

Agreement on Prevention of Double Taxation

¶4. (C) Yousef said that the PA was also interested in pursuing an agreement with the United States to prevent double taxation, as a means of encouraging U.S. companies to invest in the Palestinian Territories. He said that since the United States already had signed such a treaty with Israel, it could be extended to include the Palestinian Territories, much as the U.S.-Israel FTA was extended to cover the West Bank and Gaza. Yousef said that he was

prepared to send a formal letter expressing the PA's interest, if that would help set the process in motion.

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